

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 OIC-02 IO-13 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15

STR-04 ITC-01 TRSE-00 PRS-01 SP-02 FEAEE-00 OMB-01

STRE-00 INRE-00 SSO-00 NSCE-00 USIE-00 /084 W

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O R 211535Z JUL 77

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 9495

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BURNOS AIRES

AMEMBASSY MEXICO

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USMTN

FOR STR AMB WOLFF AND STATE/ARA/DAS DEVINE AND SIMMERMAN;

AND EB/OT-AHMAD

E.O. 11652: N/A

TAGS: ETRD MTN

SUBJ: MTN - LATIN AMERICAN HESITATIONS ABOUT REQUEST/OFFER PROCEDURE

1. SUMMARY. GROUP AGRICULTURE IS IN RECESS UNTIL JULY 27
TO ALLOW DELEGATIONS TO SEEK INSTRUCTIONS FROM CAPITALS
ON U.S. PROPOSAL FOR ADOPTION OF REQUEST/OFFER PROCEDURE
ON AGRICULTURAL TARIFF AND NON-TARIFF MEASURES AS DEVICE
TO UNBLICK THE MTN. SIMILAR U.S. PROPOSAL BEING INTRO-
DUCED IN NON-TARIFF MEASURES GROUP TODAY AND IT SEEMS
PROBABLE THAT THIS MEETING ALSO WILL RECESS FOR ABOUT A
WEEK FOR SAME REASON. THE BIGGEST SINGLE PROBLEM IN SELL-
ING THE U.S. PROPOSALS IS RESISTANCE BY SOME LATIN AMERICAN
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DELEGATIONS, NOTABLY ARGENTINA, WHICH ARE DEMANDING
FAR-REACHING FORMULATIONS OF "SPECIAL AND DIFFERENTIAL"
(S&D) RULES AND, IN CASE OF ARGENTINA, ASSERTING THAT
NO REQUESTS FOR TRADE BARRIER REDUCTIONS OF ANY KIND
SHOULD BE ADDRESSED TO LDCS, OR AT LEAST TO ARGENTINA.
BRAZIL ALSO WANTS S&D, OF COURSE, BUT ITS DELEGATION IS
TAKING A MODERATE AND GENERALLY CONSTRUCTIVE LINE THUS

FAR. WE WILL BE CONSULTING INFORMALLY WITH KEY DC AND LDC DELEGATIONS OVER COMING DAYS AND WILL REPORT DEVELOPMENTS PROMPTLY. WE ANTICIPATE KEY DELEGATIONS, ESPECIALLY LATIN AMERICAN COUNTRIES TO WHOSE CAPITALS WE ARE SENDING THIS MESSAGE FOR INFO, WILL BE SOLICITING EXPLICIT INSTRUCTIONS FOR JULY 27 RESUMPTION OF GROUP AGRICULTURE. WE THINK IT WOULD BE ADVISABLE IF WASHINGTON WOULD INSTRUCT OUR EMBASSIES IN BUENOS AIRES, BOGOTA AND BRASILIA TO APPROACH SENIOR LEVELS OF THEIR RESPECTIVE GOVERNMENTS IN AN EFFORT TO ALLAY THEIR SUSPICIONS OF U.S. MOTIVES AND APPEAL FOR COOPERATIVE POSTURE. SAME POINT SHOULD BE MADE TO MEXICAN REPS HERNANDEZ AND GARRIDO, PRESENTLY IN WASHINGTON FOR US-MEXICAN BILATERAL. END SUMMARY

2. UNTIL OPENING OF GROUP AGRICULTURE MEETINGS ON JULY 19, LDCS WERE NOT PREVIOUSLY AWARE OF SHIFT IN U.S. POSITION ON HOW TO UNBLOCK THE MTN. A FULL WEEK OF U.S. CONSULTATIONS WITH EC COMMISSION AT ALL LEVELS(BEGINNING WITH AMBASSADOR STRAUSS' VISIT TO BRUSSELS JULY 11 AND SENIOR OFFICER LEVEL VISIT TO WASHINTON JULY 15-16) HAS RESULTED IN U.S. AND EC AGREEMENT ON HOW TO PROCEED IN BOTH GROUP AGRICULTURE AND NON-TARIFF MEASURES GROUP. OUR CONSULTATIONS HERE HAVE BROUGHT CANADA AND AUSTRALIA TO GO ALONG AND WE EXPECT NO PROBLEMS FROM NORDICS. JAPAN MUST CONSULT TOKYO BUT IF WE CAN AVOID A MAJOR ROADBLOCK FROM OTHER QUARTERS, WE ARE REASONABLY CON-LIMITED OFFICIAL USE

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FIDENT JAPAN WOULD NOT HAVE THE NERVE TO BLOCK AN AGREEMENT JULY 27. THE PROBLEM IS THE LDCS, AND ESPECIALLY LATIN AMERICAN DELS.

3. BRAZIL HAS FOR SEVERAL YEARS IN THE MTN BEEN THE LEADING PROONENT AND DEMANDEUR FOR S&D. AMB MACIEL IS IN BRAZIL ON VACATION AND HIS DEPUTY, BARTHEL ROSA, HAS TAKEN A MODERATE AND CONSTRUCTIVE ATTITUDE BOTH IN THE FORMAL MEETINGS AND IN BILATERAL CONTACTS. INDIAN REP SANDILYA IS ALSO TAKING MODERATE LINE. STRONG DEMANDS FOR FAR-REACHING S&D MEASURES AND RULES TO BE INCORPORATED IN ANY AGREEMENT REACHED THIS WEEK BEING INSISTED UPON PRIMARILY BY ARGENTINE AMB GABRIEL MARTINEZ WITH SUPPORT FROM ANDEAN SPOKESMAN HERRERA (ALTHOUGH COLOMBIA IS THE LEADING ANDEAN FORCE IN MTN AFFAIRS, ECUADOR'S HERRERA IS SPEAKING FOR ANDEAN COUNTRIES ON ROTATIONAL BASIS). MEXICAN REP DELGADO ALSO GIVING SUPPORT TO MARTINEZ AND ANDEANS.

4. THE CONCERNs OF LATIN AMERICANS ARE UNDERSTANDABLE. THEY HAVE BEEN CAUGHT SUDDENLY WITH A SHIFT IN U.S. POSITION. FACT THAT U.S. AND EC ARE IN AGREEMENT ONLY INCREASES THEIR SUSPICION THAT SOME DEAL HAS BEEN COOKED

UP, PERHAPS AT THEIR EXPENSE (WHICH, OF COURSE, IS NOT THE CASE). WE DID NOT RESIST A WEEK'S BREAK IN MEETING OF GROUP AGRICULTURE IN ORDER TO ALLOW DECENT PERIOD FOR EXAMINATION OF U.S. PROPOSAL AND TO ALLOW TIME FOR DELEGATIONS TO CONSULT THEIR CAPITALS. HOWEVER, DEMANDS FOR ELABORATION OF PRECISE RULES AND/OR SUBSTANTIVE UNDERSTANDINGS ABOUT S&D IN THE MTN SIMPLY CANNOT BE MET IN COURSE OF A FEW DAYS' MEETING AND, MORE IMPORTANTLY, S&D IS NOT REALLY GERMANE TO ADOPTION OF U.S. REQUEST/OFFER PROCEDURES FOR AGRICULTURAL TARIFFS AND INDUSTRIAL NON-TARIFF MEASURES. THE PROPOSAL, INSTEAD, IS A PROCEDURAL DEVICE TO GET OVER THE IMPASSE THAT HAS BEDEVILED THE MTN SINCE ITS INCEPTION AND TO FIX A TIME-TABLE FOR LAUNCHING CONCRETE NEGOTIATIONS. WITH LIMITED OFFICIAL USE

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EC SUPPORT, WE HAVE PROPOSED THAT ON NOVEMBER 1 ALL MTN PARTICIPANTS NOTIFY REQUESTS TO THEIR TRADING PARTNERS INDICATING WHAT AGRICULTURAL TARIFF CUTS AND WHAT AGRICULTURAL AND INDUSTRIAL NON-TARIFF MEASURES THEY WANT CONCESSIONS ON DURING THE MTN. THE REQUEST PROCEDURE IS TO BE FOLLOWED BY THE TABLING OF OFFERS ON JANUARY 15 SPECIFYING WHAT EACH COUNTRY IS PREPARED TO DO IN RESPONSE TO REQUESTS ADDRESSED TO IT. THERE WILL, INEVITABLY, BE A SUBSTANTIAL GAP BETWEEN WHAT HAS BEEN REQUESTED BY ANY GIVEN COUNTRY AND WHAT IT IS PREPARED

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INFO OCT-01 ISO-00 OIC-02 IO-13 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
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STR-04 ITC-01 TRSE-00 PRS-01 SP-02 FEA-00 OMB-01
STRE-00 INRE-00 SSO-00 NSCE-00 USIE-00 /084 W
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O R 211535Z JUL 77
FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 9496

INFO AMEMBASSY BOGOTA
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TO OFFER. THIS WILL TRIGGER THE PROCESS OF REAL
NEGOTIATIONS (WHICH U.S. HOPES CAN BE ACCOMPLISHED
WITHIN A SPACE OF A FEW MONTHS AFTER JANUARY 15) IN
ORDER TO BRING THE MTN TO A SUCCESSFUL CONCLUSION. THE
U.S. PROPOSAL IN GROUP NON-TARIFF MEASURES ALSO INCLUDES
A PROPOSAL THAT BY DECEMBER 15 ALL CODES AND/OR OTHER
MULTILATERAL SOLUTIONS IN THE AREAS OF SUBSIDIES AND
COUNTERVAILING DUTIES, CUSTOM VALUATION, GOVERNMENT PRO-
CUREMENT AND STANDARDS BE BROUGHT FORWARD VIA NEGOTIATIONS
THROUGHOUT THE FALL OF THIS YEAR TO REFLECT THE MAXIMUM
AREA OF AGREEMENT THAT CAN BE REACHED AS OF DECEMBER 15.
THE OTHER KEY ELEMENT OF THE MTN TIME-TABLE IS NOT BEING
DISCUSSED THIS WEEK IN EITHER GROUP AGRICULTURE OR GROUP
NON-TARIFF MEASURES (NEITHER OF WHICH HAS JURISDICTION),
BUT WE HAVE TOLD DELEGATIONS HERE IN GENEVA OUR OUR INTEN-
TION TO SEEK AGREEMENT ON A COMPREHENSIVE TARIFF PLAN
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INCLUDING AN UNDERSTANDING AS TO THE APPLICABILITY OF
THE TARIFF-CUTTING FORMULA TO AGRICULTURE AS WELL AS S&D. WE HAVE
THUS PUT FORWARD (FORMALLY IN ALL RESPECTS OTHER THAN TARIFF
PLAN) A COMPREHENSIVE APPROACH TO UNBLOCK THE MTN AND
PROCEED TO CONCRETE NEGOTIATIONS.

5. WE HAVE MADE IT CLEAR TO DEVELOPING COUNTRIES THAT
THE U.S. IS NOT RETREATING IN ANY WAY FROM ITS COMMIT-
MENTS IN THE TOKYO DECLARATION TO SUPPORT S&D IN ALL
AREAS OF THE NEGOTIATIONS WHERE FEASIBLE AND APPROPRIATE.
WE HAVE PUT FORWARD A NUMBER OF SUGGESTIONS IN THIS
RESPECT OVER THE PAST YEAR IN THE RELEVANT MTN GROUPS
AND, WHILE FEW SPECIFIC AGREEMENTS HAVE BEEN REACHED,
A SIGNIFICANT DEGREE OF CONSENSUS IS EMERGING ON
SOME S&D MEASURES. MOREOVER (AND WE HAVE SO INFORMED
DELEGATIONS HERE), U.S. IS UNDERTAKING INTENSIVE INTERNAL
REVIEW THIS SUMMER IN WASHINGTON IN ORDER TO TRY TO
ELABORATE MORE SPECIFIC S&D MEASURES WE COULD ACCEPT. IN
THE MEETINGS OF GROUP AGRICULTURE AND DURING INFORMAL
CONSULTATIONS ON MARGINS OF THE MEETING WE HAVE OFFERED THE FOL-
LOWING TEXT TO BE INCLUDED IN A SUMMING-UP OF GROUP AGRI-
CULTURE AND THE NTM GROUP WHICH WOULD SPECIFY THE NOVEM-

BER 1 TABLING OF REQUESTS AND JANUARY 15 TABLING OF OFFERS:

QUOTE PRIORITY ATTENTION WILL BE GIVEN TO REQUESTS SUBMITTED BY DEVELOPING COUNTRIES. DEVELOPED COUNTRIES WILL, IF REQUESTED, AGREE TO PLURILATERAL CONSULTATIONS ON THESE REQUESTS WITH A VIEW TO FULFILLING THE COMMITMENTS OF THE TOKYO DECLARATION WITH RESPECT TO THE TRADE OF DEVELOPING COUNTRIES. THE DEVELOPING COUNTRIES ACCEPTED THE PROPOSAL ON THE UNDERSTANDING INTENSIVE EFFORTS WOULD BE MADE IN THE COMING MONTHS TO ELABORATE S&D IN ALL AREAS OF THE NEGOTIATIONS WHERE FEASIBLE AND LIMITED OFFICIAL USE

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APPROPRIATE. END QUOTE

6. WE ARE PREPARED TO FIDDLE WITH THIS TEXT A BIT IN CONSULTATION WITH DEVELOPING COUNTRIES OVER THE COMING DAYS BUT IT WILL NOT REPEAT NOT BE POSSIBLE TO SO REVISE IT AS TO HOLD HOSTAGE THE ENTIRE MTN NEGOTIATING PROCESS UNTIL S&D MEASURES HAVE BEEN ADOPTED IN EACH AREA. THIS IS A PRESCRIPTION FOR DELAYING THE MTN AND MISSING, PERHAPS, THE LAST OPPORTUNITY TO UNBLOCK THE MTN AND BRING IT TO A CONCLUSION WITHIN A REASONABLE TIME PERIOD.

7. WE THINK IT WOULD BE USEFUL IF WASHINGTON WOULD INSTRUCT EMBASSIES IN ADDRESSEE LATIN AMERICAN CAPITALS TO MAKE APPROACHES AT APPROPRIATELY SENIOR LEVELS OF THE MINISTRIES RESPONSIBLE FOR ISSUING INSTRUCTIONS TO THEIR DELEGATIONS IN GENEVA. PURPOSE WOULD BE TO TRY TO ALLAY THEIR SUSPICIONS BY GETTING OUR MESSAGE DIRECTLY ACROSS TO THEM ABOUT OUR HAVING FINALLY MANAGED TO BURY THE HATCHET WITH THE EC OVER OUR SEVERAL PROCEDURAL HANGUPS, OPPORTUNITY THIS OFFERS TO UNBLOCK THE MTN, AND THE AFFIRMATION OF NO RETREAT FROM OUR TOKYO DECLARATION COMMITMENT TO S&D BUT THAT SPECIFIC S&D MEASURES CAN ONLY REALISTICALLY BE DEALT WITH IN CONTEXT OF PARTICULAR ELEMENTS OF THE MTN PACKAGE WHICH WILL BE UNDER INTENSIVE NEGOTIATION DURING THE FALL; I.E. WE WILL BE PREPARED TO NEGOTIATE ON REASONABLE S&D IN THE CONTEXT OF DEVELOPING A TARIFF PLAN DURING THE MONTH OF SEPTEMBER, AND WE WILL SIMILARLY BE PREPARED TO NEGOTIATE REASONABLE S&D ATTEMPT TO BRING FORWARD TEXTS ON SUBSIDIES COUNTERVAILING DUTIES, STANDARDS (WHERE S&D MEASURES ARE ALREADY IN THE DRAFT CODE IN ADVANCED STAGE OF PREPARATION), GOVERNMENT PROCUREMENT AND SAFEGUARDS (S&D PROBABLY NOT FEASIBLE IN AREA OF CUSTOMS VALUATION). THESE S&D MEASURES CAN ONLY BE ELABORATED OVER A PERIOD OF COMING SIX MONTHS AND TO INSIST THAT THEY BE SPELLED

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OUT NOW IS SIMPLY NOT FEASIBLE AND THREATENS ADOPTION
OF AGREED TIME-TABLE FOR THE REQUEST/OFFER PROCEDURE.

8. ARGENTINE AMB MARTINEZ HAS BEEN THE MOST VOCAL AND EXTREME LDC REP THIS WEEK AND HAS DECLARED NO REQUESTS SHOULD BE ADDRESSED AT LEAST TO ARGENTINA, AND IMPLICITYLY TO OTHER LDCS. NO OTHER LDC THUS FAR HAS TAKEN THIS EXTREME LINE WHICH, IF PRESSED, WOULD PERHAPS BRING THE MTN TO A HALT BECAUSE THE U.S. WILL NOT ACCEPT GIVING THE LDCS A FREE RIDE AND IS LEGALLY PRECLUDED FROM DOING SO BY U.S. TRADE ACT. MARTINEZ HAS BEEN A RATHER DISRUPTIVE FORCE IN GENEVA FOR SOME TIME IN THE MTN FOR REASONS THAT WE CAN ONLY SPECULATE ABOUT. PERHAPS BRAZILIAN-ARGENTINE RIVALRY FOR LEADERSHIP OVER LATIN AMERICAN GROUP IS A FACTOR AND WITH AMB MACIEL OF BRAZIL AWAY HE MAY BE SEIZING OPPORTUNITY TO ADVANCE HIS CREDENTIALS AS A VIGOROUS DEFENDER OF LDC INTERESTS. HE IS HARD TO DEAL WITH ON THE GROUND BECAUSE HE USUALLY DECLINES INVITATIONS FOR ADVANCE CONSULTATION (WE TENDERED ONE THE DAY BEFORE OPENING OF GROUP AGRICULTURE). WHILE WE RECOGNIZE EXTREME DELICACY OF ANY INTERVENTION IN BUENOS AIRES ON THIS POINT, IF THE GENERAL STATE OF US-ARGENTINE RELATIONS AND/OR EMBASSY BUENOS AIRES' RELATIONS WITH SENIOR LEVELS OF THE FOREIGN MINISTRY ARE SUCH AS TO MAKE IT FEASIBLE TO DO SO, A COMMENT ABOUT MARTINEZ' GENERALLY UNHELPFUL ROLE WOULD NOT BE OUT OF PLACE.

9. MEXICAN REPS ARE ALWAYS A THREAT WHEN S&D IS ON THE TABLE. THEIR LOCAL REP IS COMPETENT BUT NOT OF HIGH RANK. WE THEREFORE URGE THAT AMB WOLFF TAKE THIS MATTER UP WITH HERNANDEZ AND GARRIDO AT US-MEXICAN MEETING IN WASHINGTON JULY 22. CULBERT

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Message Attributes

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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENEVA06097
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770259-1131
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770735/aaaabdlm.tel
Line Count: 322
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
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Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1794461
Secure: OPEN
Status: NATIVE
Subject: MTN - LATIN AMERICAN HESITATIONS ABOUT REQUEST/OFFER PROCEDURE
TAGS: ETRD, XM, AR, MTN
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/60e96d66-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009